



## United States Attorney's Office Western District of Pennsylvania

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### BROTHERS SENTENCED TO PROBATION, MADE TO PAY BACK TAXES TO IRS

United States Attorney Mary Beth Buchanan announced today, April 10, 2007, that John D. Whitaker and Robert Whitaker, Jr., residents of Armstrong County, Pennsylvania, each pleaded guilty to a one count Information charging them with making a false tax return in violation of Title 26, United States Code, Section 7207, a misdemeanor. Immediately following the pleas, United States Magistrate Judge Lisa Pupo Lenihan imposed a sentence of one-year probation on the Whitakers. As part of his plea and sentence, John D. Whitaker was required to pay, and has now paid, \$606,064 in back taxes to the Internal Revenue Service. As part of his plea and sentence, Robert Whitaker, Jr. was required to pay, and has now paid, \$751,734 in back taxes to the Internal Revenue Service.

According to information presented to the court by Assistant United States Attorney Stephen S. Stallings, John D. Whitaker and Robert Whitaker Jr., are brothers, and were shareholders and managers of the Whitaker Corporation, a publisher and distributor of

Christian literature located in Westmoreland County. In 1995, the Whitakers established of a series of trusts which purportedly shifted their income from the business to an offshore entity in the Bahamas. Under the structure of these trust instruments, the "trustee" purported to divest responsibility for the day to day operation of the trusts to the Whitakers as managers, and purported to give the Whitakers "authority" to make decisions about what to do with the money that theoretically went into the final offshore entity without yielding effective "control" over the assets to the trustee. The effect of the Whitakers' participation in the trust system purportedly reduced, dramatically, their federal income tax liability.

In fact, however, according to bank records, no money actually left the United States for the off-shore entities in the Bahamas. The bank account records also show that the Whitaker brothers continued to pay their ordinary and normal living expenses in the same way that they always had, and continued to enjoy income from the operation of the business.

The Whitakers participation in this trust system continued until the summer of 2001. Somewhere around that time they abandoned the trusts and again began reporting income and paying tax in a more normal fashion.

As a result, tax returns filed by each of the Whitakers with the IRS were false as to a material matter, specifically the income

earned by each Whitaker for that tax year, because the returns stated that the Whitakers income was very low, when as they knew, it was substantial for that tax year.

Ms. Buchanan commended the Internal Revenue Service, Criminal Investigation for the investigation leading to the successful prosecution of John D. Whitaker and Robert Whitaker, Jr.

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